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25X1



27 July 1962

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# CENTRAL INTELLIGENCE BULLETIN



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Common Market - Neutrals: [ Austria and Sweden, two of the three European neutrals seeking association with the Common Market, will make the first formal presentation of their case to the EEC ministerial council in Brussels tomorrow. While most other members of the "Outer Seven," or EFTA, have applied for full membership in the EEC, Austria, Sweden, and Switzerland are unwilling to accept all its supranational controls over their economies and its ultimate goal of political integration.]

[ The EEC has indicated it will take no action on the neutrals until the larger issue of Britain's membership is settled. Belgian Foreign Minister Spaak and EEC President Hallstein have opposed association for the neutrals, on the grounds that this would impede EEC's supranational development. West Germany and the Netherlands seem more favorably disposed toward their membership. British negotiators have maintained that London cannot "abandon" its EFTA partners, and the establishment of mutually satisfactory ties between the other EFTA nations and the EEC is one condition for Britain's final entry.]

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European Neutrals Present Case for Association  
With Common Market

[ Austria and Sweden--and Switzerland when it later presents its case to the EEC--will ask for a type of association which will allow their goods tariff-free access to the Common Market. They are also expected to tell the EEC that they will generally align their tariffs on imports from non-EEC areas with the EEC's gradually evolving common external tariff. In line with their belief that they cannot become full members, however, they will insist on the right to negotiate their own trade treaties with non-EEC areas and will ask for an escape clause respecting any economic sanctions against third countries.]

[ The neutrals will also offer to coordinate with the EEC their economic policies regarding cartel regulation, social security legislation, and the free movement of labor and capital; however, they will probably insist that they cannot be bound by Common Market policies which they do not help to formulate. They will probably be unwilling, for instance, to follow EEC economic policies which seem likely to reduce the economic self-sufficiency of the neutrals in the event of war. The EEC's common agricultural policy may be a case in point.]

[ The EEC's Executive Commission and Belgian Foreign Minister Spaak believe that associative membership for the neutrals would be a retrogressive step toward a looser customs union, and feel that the need to consult neutral associates on all future changes in common economic policies might stultify the EEC's institutions. They are apprehensive that acceptance of association for these nations would open the door to pressures for extension of this principle to other countries such as Israel. Spaak and EEC President Hallstein are also worried that formal association of the ]

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[redacted] neutrals with the EEC will make it more difficult to attain the broader goals of the Atlantic Community. In this connection EEC members are well aware of US opposition to association with the Common Market by neutrals or any other nations unwilling to accept the political responsibilities of full membership.]

[redacted] Even the opponents of association for the neutrals tend to regard Austria's application more favorably than those of Sweden or Switzerland, since the termination of the military occupation in 1955 in effect required Austria to pursue a policy of neutrality. Austria is also more dependent on trade with the Common Market than the other two countries.

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